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1. Chinese position on sponsorship of peace conference--Chinese Foreign Minister Wang Shih-Chien has "urgently" protested to Secretary Byrnes that China will regard its omission from the sponsors of the forthcoming peace conference as both an "insult" and a breach of commitments formulated in the Moscow Agreement of December 1945.
2. Moscow visit of Iranian Princess--US Ambassador Smith reports that at the recent reception given by the Iranian Embassy in Moscow for Princess Ashraf, both the Princess and the Iranian Ambassador palpably played up to Smith at the expense of Lozovski, who was "in effect acting Soviet Minister of Foreign Affairs." (US Ambassador Allen in Tehran has suggested that the Soviet invitation to the Princess was probably extended in order to stress Soviet friendship for the Shah; see Daily Summary of 17 June, item 9.)
3. Eire's position on UN membership--US Minister Gray reports that, in response to British assurances of an affirmative vote if Eire applies for UN membership, De Valera expressed doubt that Eire would reach a decision before the 15 July deadline and stated that Eire's "position was embarrassing" if prior assurance of election were not possible.
4. British and Egyptians optimistic over negotiations--US Minister Tuck reports that both British and Egyptian circles in Cairo are optimistic over current treaty negotiations, even though final agreement has not been reached on the terms of reference for a joint defense committee, the final evacuation date, and the Sudan.
5. Turks indicate interest in Dodecanese islets--The Secretary General of the Turkish Foreign Office has told US Ambassador Wilson informally that Turkey is "satisfied" with assignment of the Dodecanese Islands to Greece but would regard it as a "most happy development" if Greece should turn back to Turkey two or three of the islands near the Turkish coast, which were forcibly taken from Turkey by Italy. The Turks do not intend, however, to initiate discussions on the matter with the Greeks, as they wish to avoid any possible "misunderstanding."

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EUROPE-AFRICA

6. RUMANIA: Smith urges immediate replacement of Markham--Ambassador Smith in Moscow believes that a successor to Markham (Christian Science Monitor correspondent recently expelled from Rumania by Soviet military authorities) should be nominated at once. He believes that in Markham's case, "we were licked from the start," but that the Soviets can be attacked "vigorously" and on an "absolutely sound principle," if they refuse entry to Markham's successor.

King presses for compromise electoral law--According to US Political Representative Berry, King Michael has informed all Rumanian political parties that he cannot sign either of the Government's two proposed electoral decrees, since the first provides unconstitutionally for abolition of the Senate. The King hopes by this maneuver to force the political parties to find a mutually acceptable compromise. If he fails, the King plans to sign the decrees as they stand. The Rumanian opposition parties object to both decrees and have requested that they be submitted to the US, UK, and USSR under the Moscow Agreement.

FAR EAST

7. JAPAN: SCAP opposes release of FEC directive--General MacArthur opposes the release of the FEC directive of 2 July concerning constitutional reform because (a) the draft constitution already conforms to the basic principles of the directive and (b) publication of such a "restrictive and mandatory" directive would seriously threaten the gains in democratization already made and would materially increase the difficulties which still confront the occupation.
8. CHINA: Soviet policy in China--General Gillem has been informed by a usually reliable source that the Soviet Ambassador to China has recently defined future Soviet policy as entailing greater support of the Chinese Communists and strong diplomatic, political and propaganda pressure to force US withdrawal from China. The Soviets believe that civil war ending in a military deadlock is likely in China and intend to establish a Soviet satellite government in Northern Manchuria.

Reactionaries encourage anti-US activities--US Army Intelligence officers in China attribute current anti-US propaganda to

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reactionary cliques, who are supported by the secret service formerly headed by Tai Li, and by Nazi and Japanese groups within these cliques.

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THE AMERICAS



10. **VENEZUELA: Plot to overthrow Government is reported--Opposition leaders have informed US Ambassador Corrigan that a "counter-revolution" is being planned to forestall an expected "controlled election" under the auspices of the present revolutionary regime.**

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